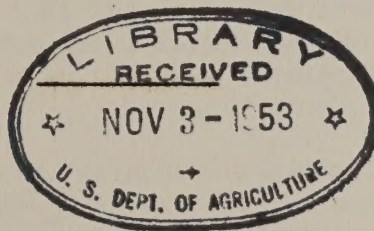


AN ECONOMIC CONSIDERATION OF THE NEED  
FOR RURAL TELEPHONE SERVICE IN  
SPECIFIED AREAS IN ALASKA

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Prepared by  
Field Appraisal Section  
Electric Operations Division  
RURAL ELECTRIFICATION ADMINISTRATION



Completed in  
August 1953

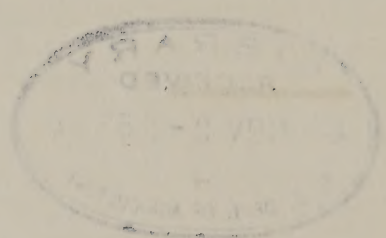
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September 14, 1953

Field Appraisal Section  
Electric Operations DivisionAN ECONOMIC CONSIDERATION OF THE NEED FOR RURAL  
TELEPHONE SERVICE IN SPECIFIED AREAS IN ALASKAStatement of the Survey Plan

Certain economic data pertaining to the need for rural telephone service were secured in conjunction with field appraisals being completed on REA financed electric distribution systems in Alaska, during the period July 20 to August 18, 1953. The areas for which such information was obtained were those whose locations are identified by (1) Auks Bay, (2) Anchorage, (3) Palmer, (4) Kenai Lake, (5) Homer, (6) Kodiak, (7) Copper Center, (8) Tok Junction and (9) Kotzebue.

Originally, it was intended that a rather comprehensive study of respondents' need for service in terms of the extent to which they were willing to pay for it would be secured. However, because of varying degrees to which the telephone program information and the activity pertinent to organization had progressed, it was impractical and in fact believed to be unwise to pursue the original plan for all areas. For some areas there was no apparent need for service or improved service at this time.

The original plan was to ask of respondents who were interviewed in connection with the field appraisal the following supplemental questions:

1. Do you have a telephone?
  - a. If you do have a telephone, are you satisfied with the service it gives?
  - b. If you do not have a telephone, do you want one?
2. Following an explanation of the fact that there is a Rural Telephone Loan Program and that the risks in financing telephone service to farmers are greater than in the case of electricity, the next question was asked.

Assuming rural multiparty, selective ringing, dial service with free calling to (local town) permitted, how much would you be willing to invest to obtain this quality of telephone service? It was further explained that investment by members was necessary so that sufficient capital would be available to meet the equity requirement.

Answers were recorded according to the following classes:

Nothing  
Under 50 dollars  
50 - 99 dollars  
100 - 249 dollars  
250 - 499 dollars  
500 dollars



3. Continuing with the line of thought that the respondent indicate the most he would be willing to invest, the question of monthly rates for the previously described quality of service was raised.

Answers were recorded according to the following classes:

Under 3.00 dollars  
3.00 - 4.99 dollars  
5.00 - 7.49 dollars  
7.50 - 10.00 dollars  
Over 10.00 dollars

4. Next a question was asked concerning the number of calls that the respondent would likely make to distant points (involving toll connection).
5. Finally, examples of where respondents would likely call, the purpose of their calls and other comments were recorded.

With the above general outline, the appraiser proceeded to secure data on the various system areas. It will be noted that what was desired was not in all cases obtained. Although not related in this report, it is believed that certain data revealed herein could be used in estimating prospective users of the telephone similar to the method indicated in Telephone Engineering and Construction Manual, Section 206. Findings for each area and supporting information are discussed in the paragraphs that follow. A comprehensive economic evaluation of each of these areas (except Anchorage) will be made available in the field appraisal analysis for each area.

#### I. AUKE BAY

Some interest has been shown to date in securing modern telephone service for the vicinity of Auke Bay (Alaska 7 Juneau). According to the manager of Alaska 7 Juneau, a meeting was held concerning a proposal to investigate possibilities of securing a loan; but when it was mentioned that the contribution of a sum of as much as \$25 was required to raise the equity, much of the interest seemed to be lost. Mr. Norton, the manager of Alaska 7 said that it had been tentatively estimated that a system to provide adequate telephone service to this area would cost \$500,000.

The Auke Bay community which has at present approximately 200 electric consumers is a contained society with major out-of-area interests in Juneau. Of these 200, 135 are nonfarm residential, 50 seasonal, and 13 are commercial and public buildings. There is only one farm consumer. Free calling to Juneau would be a prime requirement to acceptance of the program in the area. Residents in the area live 10 to 35 miles from Juneau.



### Interest in Service

Interviews with a random group of residents in the Auke Bay area indicated 86 percent of the permanent residents and 50 percent of the seasonal residents were interested in telephone service. Permanent residences had families ranging from one to seven members with an average of three. Seasonal families also ranged from one to seven but had an average of two persons.

### Investment

The amount of money they would be willing to invest to receive service is as follows:

<u>Amount Willing to Invest</u> (dollars)	<u>Interested in Telephone Service</u>	
	<u>Permanent</u> (%)	<u>Seasonal</u> (%)
Nothing	16.7	25.0
Under 50	11.1	25.0
50 - 99	22.2	---
100 - 249	33.3	25.0
250 - 499	11.1	---
500	5.6	25.0
	<u>100.0</u>	<u>100.0</u>

No certain explanation can be given for the apparent discrepancy between the attitude of people toward a contribution of \$25 mentioned previously and the percentage distribution shown above. It is believed, however, that the difference lies between "contribution" and "investment."

### Rates

A percentage distribution of monthly charge for telephone service reflecting the extent to which residents would go to secure service is shown as follows:

<u>Monthly Rate Willing to Pay</u> (dollars)	<u>Interested in Telephone Service</u>	
	<u>Permanent</u> (%)	<u>Seasonal</u> (%)
Under 3.00	---	---
3.00 - 4.99	11.1	---
5.00 - 7.49	33.3	75.0
7.50 - 10.00	38.9	---
Over 10	16.7	25.0
	<u>100.0</u>	<u>100.0</u>



### Toll Calls

Only one respondent indicated any need for extensive toll service. This man was a liquor dealer and needed to call Anchorage frequently--more than five times a month--to arrange for his supply.

Places called were mentioned as follows:

Few to States  
Spokane and Quincy, Washington

The appraiser was of the opinion that permanent residents would likely initiate toll calls at least six each year on the average.

### Purpose of Local Calls

1. Mostly in community--churches, social organizations, auxiliary.
2. Emergency--husband can't be home on time--could call wife.
3. Used in husband's work.
4. Emergency, general.
5. Used by persons when need to be "on call."
6. Friends in Juneau.
7. Doctor.
8. Cut down a lot of running back and forth.
9. Longshoremen require it to be at work when needed.
10. Wife at home could phone and husband could bring things out.

### Comments Regarding Need for Telephone Service

1. Prefer a higher monthly rate to a larger initial sum if possible.
2. Would take service if extended by private enterprise.
3. Need water first.
4. Go out of town to "get away from that damn telephone."

## II. ANCHORAGE

A group of interested persons in the Anchorage area are in the process of developing an application for a rural telephone loan. A field appraisal was not scheduled for this locality; consequently, no information concerning the need for service was obtained. It is understood that about 600 persons have signed for service and that articles of incorporation have been drawn up by the project attorney Mr. J. L. McCarrey, Jr. Density is quite high in this area and there continues to be a substantial amount of new home building in this area.



### III. PALMER

A proposed area for consideration to extend and improve telephone service exists in the Matanuska Valley including the city of Palmer. The area is roughly approximated by the service area of Alaska 2 Matanuska. On June 30, 1953, the electric cooperative was serving a total of 1,254 members composed of 792 town, 272 farm, 187 small commercial and 3 large commercial. At the present time, the city-owned telephone system is serving approximately 180 consumers in Palmer. This system was purchased at auction for \$7,500 recently. At the time of auction the former owner owed more than \$7,500, at least this much of which was owed to the Bureau of Internal Revenue for overdue taxes.

Through the efforts of local citizens, particularly a Miss Kellogg, Messrs. Hanks and Morris, and some assistance of the M.E.A. there have been 346 memberships secured at \$10 per membership with the understanding that from \$25 to \$50 per installation would be required to get telephone service in the valley. In addition to those parties who have paid the \$10 membership, there are 37 government installations and 43 rural-nonfarm places in the Chugiak area who will remit when plans are more definite. Those in the Chugiak area live halfway between Anchorage and Palmer. Each area is in quest of a telephone loan. The people in the area are interested in obtaining service from the most practical source as soon as possible. Further, it should be pointed out that of the 180 persons presently receiving service from the municipal system, about 40 have signed (included in the 326) and want improved service.

Farm families average four persons and nonfarm and town families average three in the Palmer area.

#### PERCENTAGE DISTRIBUTION OF CONSUMER INTEREST IN RURAL TELEPHONE SERVICE IN VICINITY OF PALMER<sup>a</sup>

	<u>Farm</u> (percent)	<u>Nonfarm</u> (percent)
Presently have telephone service	3.6	5.3
Do not have telephone service	96.4	94.7
Those not having service but desiring service	74.1	61.1
Those desiring service who have signed	45.0	18.2
Those not having service and do not want it	25.9	38.9

<sup>a</sup>/ Based on analysis of attitudes of 47 respondents.

#### Comments Regarding Need for Service

1. Living so far from town—be nice to have one—husband takes car—with children, good to have.
2. Could check when needing parts, if store keeper would be there.



3. Has young daughter--need in emergency--calls made into house for husband's business (bulldozer contractor).
4. Would call inseminator, veterinarian, business houses and neighbors.
5. Would save running around if had phone.
6. Could call Palmer--18 miles to Palmer.
7. Saves trips out about work (is a carpenter and contractor).
8. Many children--need doctor.

#### Comments Showing Dissatisfaction with Present Service

1. Doesn't like party line--get all the rings--Alpine Inn is on line and it has four rings which occur frequently at night.
2. Must go to A.C.S. (Alaska Communications System) to make long distance call.
3. Mayor promised to put in more lines so there wouldn't be so many rings.

#### Comments Opposing Telephone Service for Area

1. Poor service--high rate.
2. Uses telephone at office.
3. Would get service if better service were available.
4. Coach and teacher at local high school--"Had telephone first year--had it taken out."
5. No delivery here so still got to go to town and get it.
6. Don't particularly need service--got along all these years without it.

#### Comments on Rate Level for Telephone Service

1. Used to thinking in state prices--would pay \$3 to \$4 a month for service.
2. I'd like to have one but not at \$7.50 a month.
3. Couldn't stand over \$5 per month.
4. Four dollars per month maximum.
5. Paying \$6.90--will go to \$7.00.
6. Would pay \$7.
7. Hate to go over \$5 per month.
8. Will pay from \$5 to \$7.50 per month.

#### Comments Relating to Long Distance Calling

1. A recent monthly report for the Matanuska Cooperative Association, located at Palmer, showed the cooperative to have made 150 long distance calls of which 30 were to Seattle. Average monthly cost for telephone service was \$200.
2. Most long distance calls will be made to Anchorage.



### Comments Regarding Equity Requirement

Nine respondents in the survey volunteered their thinking about the amount they could invest in a proposed telephone system. Five of them indicated a \$50 maximum. This preponderance is believed due to the information given in connection with a recent signup campaign. The remaining three indicated they would invest \$100, \$250 and \$300, respectively, to secure service.

### Other Comments

1. Telephone sometimes handy—other times a nuisance.
2. Went to C.A.A. (Civil Aeronautics Administration) about radio telephone.

### IV. KENAI LAKE

This area which extends from Cooper's Landing through Moose Pass and south to the city limits of Seward is rapidly developing. It appears to be a good prospect for an "A" section electric loan provided a satisfactory source of power can be obtained. All respondents contacted in this area were in favor of telephone service.

The following comments were secured by those residents who were interviewed:

### Comments Relating to Proposed Telephone Service

1. Absolute need for telephone—longshoremen hire in every night.
2. Railroad line—costs \$5 per month—gets 20 free calls to town and pays 63¢ per call for all over 20. Town is 7 miles away.
3. Have hooked up a telephone between some of the residents in the area.
4. Wife doesn't drive and would like a telephone.
5. Telephone service in area—but doesn't have it. Definitely would like it if he could get it.

### V. HOMER

An estimated 20 percent of the rural-nonfarm and town residents in the vicinity of Homer have telephone service. This amounts to about 50 subscribers. None of the farms have service. Of those not having service, it is estimated that 70 percent are interested in receiving service.

### VI. KODIAK

The city of Kodiak appears to be receiving adequate telephone service. The rates in effect at the present time are as follows:



<u>Class of Service</u>	<u>Monthly Rate</u>
Business--desk, private line	\$14.38
Business--wall, private line	13.80
Business--party line, desk	11.50
Business--party line, wall	10.98
Extension--desk	7.19
Extension--wall	6.90
Residential--desk, private	9.49
Residential--wall, private	9.20
Residential--desk, 4-party	7.19
Residential--wall, 4-party	6.90
Miscellaneous Charges:	
Original Installation	\$5.00
Extension	3.50
Transfer Name	2.00

#### VII. COPPER CENTER

This area is slowly developing and it is composed entirely of rural-nonfarm dwellings. At one time prior to 1910, farming was prevalent in this area. There are A.C.S. (Alaska Communications System) and A.R.C. (Alaska Road Commission) installations, two mission churches, a mission hospital and a Catholic school under construction, a first-class roadhouse (hotel), service station, general store, at least two lodges with cabins, U. S. Marshall's office, a jail, a small dispersed settlement of Indians and some other scattered dwelling units made in most cases of logs. Most employment is provided by the A.R.C. Other residents are either natives (Indians), who fish and trap, or proprietors, government workers and missionaries. Any development of the hydropower potential on the Copper River or industrial activity in the Valdez area will have a favorable effect on the development of this general area. A.C.S. is available at the present time for long distance calling and local residents appear to prefer to travel to each other than use a telephone. In one instance it is interesting to note that a crank-type wall telephone was being used in a residence that appeared to have been a good farm home of the 1910-1920 era. Summarizing, there does not appear to be any need for REA financed telephone service in the area at the present time.

#### VIII. TOK JUNCTION

This area is less developed than the area about Copper Center, but the potential appears as promising. At present it is composed of about 25 residences, the A.C.S. (Alaska Communications System), a fish and wildlife station, 2 churches and about 6 small commercial establishments including lodges. It is



located along the Alcan Highway. The area is being developed with consideration for the future of the community. Streets are surveyed in and the main ones have been graveled. There is no agricultural development in this area. The A.C.S. provides long distance telephone service. There does not appear to be any need for REA financed telephone service in this area at the present time.

#### IX. KOTZEBUE

. This small Eskimo village is located on the Chukchi Sea and is the principal town lying between Nome on the south and Barrow on the north. The town is restricted to about 2 miles of streets. There are no roads into the town. Travel is by boat or air. There are approximately 1,000 inhabitants, 9 out of 10 being native.

The maximum estimated number of subscribers at the present time would be 37 which is composed of 6 reasonably large businesses, 11 small businesses, 5 public buildings wherein service would likely be necessary, and approximately 15 residences.

Leaders in the town have on their own initiative secured from the A.C.S. (Alaska Communications System) telephone poles for use in constructing a telephone line which will likely provide satisfactory service for the community. Their original plan to use field telephones with wire strung on the ground has been abandoned in favor of pole line construction. Residents of the community can contact distant parties through the A.C.S. headquarters.

Based on the above information, it would appear that the need for REA financed telephone service does not exist in this area.

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located along the Alcan Highway. The area is being developed with consideration for the future of the community. Services are being provided in and the area will have been provided. There is no significant development in this area. The A.C.S. provides long distance telephone service. There does not appear to be any need for WEA financed telephone service in this area at the present time.

## II. BUKTAY

This small Eskimo village is located on the Chukchi Sea and is the principal town lying between Nome and Barrow on the coast. The town is reported to have about 5 miles of streets. There are no roads into the town. Travel is by boat or air. There are approximately 1,000 inhabitants, 2 out of 10 being native.

The maximum estimated number of inhabitants at the present time would be 37 which is composed of 6 reasonably large businesses, 11 small businesses, 2 hotels, buildings, telephone service would likely be necessary, and approximately 15 residences.

Leaders in the town have on their own initiative secured from the A.C.S. (Alaskan Communications System) telephone poles for use in constructing a telephone line which will provide satisfactory service for the community. Their original plan to use these telephones with wire strung on the ground has been abandoned in favor of pole line construction. Residents of the community can contact distant parties through the A.C.S. headquarters.

Based on the above information, it would appear that the need for WEA financed telephone service does not exist in this area.

11/15/50